



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2006 REGULAR SESSION

SENATE BILL NO. 89

AS ENACTED

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TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adler

AN ACT relating to reorganization.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

1 Section 1. KRS 11.200 is amended to read as follows:

2 (1) There is created the Commission on Small Business Advocacy. The commission
3 shall be a separate administrative body of state government within the meaning of
4 KRS 12.010(8).

5 (2) It shall be the purpose of the Commission on Small Business Advocacy to:

- 6 (a) Address matters of small business as it relates to government affairs;
- 7 (b) Promote a cooperative and constructive relationship between state agencies
8 and the small business community to ensure coordination and implementation
9 of statewide strategies that benefit small business in the Commonwealth;
- 10 (c) Coordinate and educate the small business community of federal, state, and
11 local government initiatives of value and importance to the small business
12 community;
- 13 (d) Create a process by which the small business community is consulted in the
14 development of public policy as it affects their industry sector;
- 15 (e) Aid the small business community in navigating the regulatory process, when
16 that process becomes cumbersome, time consuming, and bewildering to the
17 small business community; and
- 18 (f) Advocate for the small business, as necessary when regulatory implementation
19 is overly burdensome, costly, and harmful to the success and growth of small
20 businesses in the Commonwealth.

21 (3) The Commission on Small Business Advocacy shall consist of thirty (30)~~thirty-one~~
22 ~~(31)~~ members:

- 23 (a) The Governor, or the Governor's designee;
- 24 (b) The secretaries of the following cabinets, or their designees:
 - 25 1. Economic Development;

- 1 2. Environmental and Public Protection;
- 2 3. Finance and Administration; and
- 3 4. Transportation;
- 4 (c) The state director of the Small Business Development Centers in Kentucky;
- 5 (d) One (1) representative of each of the following organizations, appointed by
- 6 the Governor from a list of three (3) nominees submitted by the governing
- 7 bodies of each organization:
- 8 1. Associated Industries of Kentucky;
- 9 2. National Federation of Independent Business;
- 10 3. Kentucky Chamber of Commerce;
- 11 4. Kentucky Federation of Business and Professional Women's Club, Inc.;
- 12 5. Kentucky Retail Federation;
- 13 6. Professional Women's Forum;
- 14 7. Kentuckiana Minority Supplier Development Council;
- 15 8. Greater Lexington Chamber of Commerce;
- 16 9. Lexington chapter of the National Association of Women Business
- 17 Owners;
- 18 10. Greater Louisville, Inc.;
- 19 11. Louisville chapter of the National Association of Women Business
- 20 Owners;
- 21 12. Northern Kentucky Chamber of Commerce, Inc.;
- 22 13. Northern Kentucky - Greater Cincinnati chapter of the National
- 23 Association of Women Business Owners;
- 24 14. Kentucky Association of Realtors;
- 25 15. Henderson - Henderson County Chamber of Commerce;
- 26 16. ~~[Kentucky Coal Council;~~
- 27 17.] Kentucky Farm Bureau Federation; and

1 ~~17.[18.]~~ Kentucky Homebuilders Association;

2 (e) One (1) representative from small business from each of the following areas,
3 appointed by the Governor:

- 4 1. A city of the second class;
- 5 2. A city of the third class;
- 6 3. A city of the fourth class; and
- 7 4. A city of the fifth class;

8 (f) One (1) representative who is a small business owner served by each of the
9 following organizations, appointed by the Governor:

- 10 1. The Center for Rural Development; and
- 11 2. Community Ventures Corporation; and

12 (g) One (1) representative who is a small business owner under the age of thirty-
13 five (35), appointed by the Governor.

14 (4) The terms of all members appointed by the Governor shall be for four (4) years,
15 except that the original appointments shall be staggered so that seven (7)
16 appointments shall expire at two (2) years, seven (7) appointments shall expire at
17 three (3) years, and seven (7) appointments shall expire at four (4) years from the
18 dates of initial appointment.

19 (5) The Governor shall appoint the chair and vice chair of the commission from the list
20 of appointed members.

21 (6) The commission shall meet quarterly and at other times upon call of the chair or a
22 majority of the commission.

23 (7) A quorum shall be a majority of the membership of the commission.

24 (8) Members of the commission shall serve without compensation but shall be
25 reimbursed for their necessary travel expenses actually incurred in the discharge of
26 their duties on the commission, subject to Finance and Administration Cabinet
27 administrative regulations.

1 (9) The commissioner of the Department for Existing Business Development shall be
 2 the administrative head and chief executive officer of the commission. The
 3 secretary of the Cabinet for Economic Development shall have authority to hire
 4 staff, contract for services, expend funds, and operate the normal business activities
 5 of the commission.

6 (10) The Commission on Small Business Advocacy shall be an independent agency
 7 attached to the Department for Existing Business Development.

8 Section 2. KRS 12.020 is amended to read as follows:

9 Departments, program cabinets and their departments, and the respective major
 10 administrative bodies that they include are enumerated in this section. It is not intended
 11 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
 12 bureau, interstate compact, commission, committee, conference, council, office, or any
 13 other form of organization shall be included in or attached to the department or program
 14 cabinet in which they are included or to which they are attached by statute or statutorily
 15 authorized executive order; except in the case of the Personnel Board and where the
 16 attached department or administrative body is headed by a constitutionally elected officer,
 17 the attachment shall be solely for the purpose of dissemination of information and
 18 coordination of activities and shall not include any authority over the functions,
 19 personnel, funds, equipment, facilities, or records of the department or administrative
 20 body.

21 I. Cabinet for General Government - Departments headed by elected officers:

- 22 1. The Governor.
- 23 2. Lieutenant Governor.
- 24 3. Department of State.
- 25 (a) Secretary of State.
- 26 (b) Board of Elections.
- 27 (c) Registry of Election Finance.

1 4. Department of Law.

2 (a) Attorney General.

3 5. Department of the Treasury.

4 (a) Treasurer.

5 6. Department of Agriculture.

6 (a) Commissioner of Agriculture.

7 (b) Kentucky Council on Agriculture.

8 7. Auditor of Public Accounts.

9 II. Program cabinets headed by appointed officers:

10 1. Justice Cabinet:

11 (a) Department of State Police.

12 (b) Department of Criminal Justice Training.

13 (c) Department of Corrections.

14 (d) Department of Juvenile Justice.

15 (e) Office of the Secretary.

16 (f) Offices of the Deputy Secretaries.

17 (g) Office of General Counsel.

18 (h) Division of Kentucky State Medical Examiners Office.

19 (i) Parole Board.

20 (j) Kentucky State Corrections Commission.

21 (k) Commission on Correction and Community Service.

22 2. Education, Arts, and Humanities Cabinet:

23 (a) Department of Education.

24 (1) Kentucky Board of Education.

25 (b) Department for Libraries and Archives.

26 (c) Kentucky Educational Television.

27 (d) Kentucky Commission on the Deaf and Hard of Hearing.

- 1 (e) Operations and Development Office.
- 2 (f) Board of Directors for the Center for School Safety.
- 3 3. Environmental and Public Protection Cabinet:
- 4 (a) Office of the Secretary.
 - 5 1. Office of Legislative and Intergovernmental Affairs.
 - 6 2. Office of Communications and Public Outreach.
 - 7 3. Office of Regulatory Affairs.
 - 8 4. Office of Legal Services.
 - 9 5. Office of Administrative and Information Services.
 - 10 6. Office of Administrative Hearings.
 - 11 7. Office of Inspector General.
 - 12 8. Mine Safety Review Commission.
 - 13 9. Workers' Compensation Board.
 - 14 10. Kentucky State Nature Preserves Commission.
 - 15 11. Kentucky Environmental Quality Commission.
 - 16 12. Kentucky Occupational Safety and Health Review Commission.
- 17 (b) Department for Environmental Protection.
 - 18 1. Office of the Commissioner.
 - 19 2. Division of Air Quality.
 - 20 3. Division of Water.
 - 21 4. Division of Environmental Services.
 - 22 5. Division of Waste Management.
 - 23 6. Division of Enforcement.
 - 24 7. Division of Compliance Assistance.
- 25 (c) Department for Natural Resources.
 - 26 1. Office of the Commissioner.
 - 27 2. Office of Technical and Administrative Support.

- 1 3. Division of Mine Permits.
- 2 4. Division of Mine Reclamation and Enforcement.
- 3 5. Division of Abandoned Mine Lands.
- 4 6. Division of Oil and Gas Conservation.
- 5 7. Office of Mine Safety and Licensing.
- 6 8. Division of Forestry.
- 7 9. Division of Conservation.

8 (d) Department of Public Protection.

- 9 1. Office of the Commissioner.
- 10 2. Division of Administrative Services.
- 11 3. Crime Victims Compensation Board.
- 12 4. Board of Claims.
- 13 5. Board of Tax Appeals.
- 14 6. Kentucky Boxing and Wrestling Authority.
- 15 7. Kentucky Horse Racing Authority.
- 16 8. Kentucky Public Service Commission.
- 17 9. Office of Alcoholic Beverage Control.
- 18 10. Office of Charitable Gaming.
- 19 11. Office of Financial Institutions.
- 20 12. Office of Housing, Buildings and Construction.
- 21 13. Office of Insurance.

22 (e) Department of Labor.

- 23 1. Office of the Commissioner.
- 24 2. Office of Occupational Safety and Health.
- 25 3. Office of Labor Management Relations and Mediation.
- 26 4. Office of Workplace Standards.
- 27 5. Office of Workers' Claims.

- 1 6. Workers' Compensation Funding Commission.
- 2 7. Kentucky Labor Management Advisory Council.
- 3 8. Occupational Safety and Health Standards Board.
- 4 9. Prevailing Wage Review Board.
- 5 10. Kentucky Employees Insurance Association.
- 6 11. Apprenticeship and Training Council.
- 7 12. State Labor Relations Board.
- 8 13. Workers' Compensation Advisory Council.
- 9 14. Workers' Compensation Nominating Commission.
- 10 15. Employers' Mutual Insurance Authority.
- 11 16. Division of Administrative Services.
- 12 4. Transportation Cabinet:
- 13 (a) Department of Highways.
- 14 1. Office of Program Planning and Management.
- 15 2. Office of Project Development.
- 16 3. Office of Construction and Operations.
- 17 4. Office of Intermodal Programs.
- 18 5. Highway District Offices One through Twelve.
- 19 (b) Department of Vehicle Regulation.
- 20 (c) Department of Administrative Services.
- 21 (d) Department of Aviation.
- 22 (e) Department of Intergovernmental Programs.
- 23 1. Office of Transportation Enhancement Programs.
- 24 2. Office of Rural and Secondary Roads.
- 25 (f) Office of the Secretary.
- 26 1. Office of Legislative and Intergovernmental Affairs.
- 27 2. Office of Public Affairs.

- 1 3. Office of Transportation Delivery.
- 2 4. Office for Business and Occupational Development.
- 3 5. Office of Budget and Fiscal Management.
- 4 6. Office of Legal Services.
- 5 7. Office of Inspector General.
- 6 8. Office of the Transportation Operations Center.
- 7 9. Office of Personnel Management.
- 8 5. Cabinet for Economic Development:
 - 9 (a) Office of Administration and Support.
 - 10 (b) Department for New Business Development.
 - 11 (c) Department of Financial Incentives.
 - 12 (d) Department for Existing Business Development.
 - 13 (e) Department for Regional Development.
 - 14 (f) Tobacco Research Board.
 - 15 (g) Kentucky Economic Development Finance Authority.
 - 16 (h) Office of Research and Information Technology.
 - 17 (i) Department of Innovation and Commercialization for a Knowledge

18 Based Economy.
 - 19 (j) Office of Legal Services.
 - 20 (k) Commission on Small Business Advocacy.
- 21 6. Cabinet for Health and Family Services:
 - 22 (a) Department for Public Health.
 - 23 (b) Department for Medicaid Services.
 - 24 (c) Department for Mental Health and Mental Retardation Services.
 - 25 (d) Kentucky Commission for Children with Special Health Care Needs.
 - 26 (e) Office of Certificate of Need.
 - 27 (f) Office of the Secretary.

- 1 (g) Office of Legal Services.
- 2 (h) Office of Inspector General.
- 3 (i) Office of Legislative and Public Affairs.
- 4 (j) Department for Community Based Services.
- 5 (k) Department for Disability Determination Services.
- 6 (l) Office of the Ombudsman.
- 7 (m) Department for Human Support Services.
- 8 (n) Kentucky Commission on Community Volunteerism and Service.
- 9 (o) Office of Fiscal Services.
- 10 (p) Office of Human Resource Management.
- 11 (q) Office of Technology.
- 12 (r) Office of Contract Oversight.
- 13 7. Finance and Administration Cabinet:
- 14 (a) Office of General Counsel.
- 15 (b) Office of the Controller.
- 16 (c) Office of Administrative Services.
- 17 (d) Office of Public Information.
- 18 (e) Department for Facilities and Support Services.
- 19 (f) Department of Revenue.
- 20 (g) Commonwealth Office of Technology.
- 21 (h) State Property and Buildings Commission.
- 22 (i) Kentucky Savings Bond Authority.
- 23 (j) Office of Equal Employment Opportunity and Contract Compliance.
- 24 (k) County Officials Compensation Board.
- 25 (l) Kentucky Employees Retirement Systems.
- 26 (m) Commonwealth Credit Union.
- 27 (n) State Investment Commission.

- 1 (o) Kentucky Housing Corporation.
- 2 (p) Kentucky Local Correctional Facilities Construction Authority.
- 3 (q) Kentucky Turnpike Authority.
- 4 (r) Historic Properties Advisory Commission.
- 5 (s) Kentucky Tobacco Settlement Trust Corporation.
- 6 (t) ~~Eastern Kentucky Exposition Center Corporation.~~
- 7 ~~(u)~~ State Board for Proprietary Education.
- 8 (u)~~(v)~~ Kentucky Higher Education Assistance Authority.
- 9 (v)~~(w)~~ Kentucky River Authority.
- 10 (w)~~(x)~~ Kentucky Teachers' Retirement System Board of Trustees.
- 11 8. Commerce Cabinet:
 - 12 (a) Department of Tourism.
 - 13 (1) Division of Tourism Services.
 - 14 (2) Division of Marketing and Advertising.
 - 15 (3) Division of Parks Marketing.
 - 16 (b) Kentucky Department of Parks.
 - 17 (1) Division of Information Technology.
 - 18 (2) Division of Personnel and Payroll.
 - 19 (3) Division of Financial Operations.
 - 20 (4) Division of Facilities Management.
 - 21 (5) Division of Project Administration.
 - 22 (6) Division of Customer Services.
 - 23 (7) Division of Recreation.
 - 24 (8) Division of Golf Courses.
 - 25 (9) Division of Food Services.
 - 26 (10) Division of Rangers.
 - 27 (11) Division of Eastern Parks.

- 1 (12) Division of Southern Parks.
- 2 (13) Division of Western Parks.
- 3 (c) Department of Fish and Wildlife Resources.
- 4 (1) Division of Law Enforcement.
- 5 (2) Division of Administrative Services.
- 6 (3) Division of Engineering.
- 7 (4) Division of Fisheries.
- 8 (5) Division of Information and Education.
- 9 (6) Division of Wildlife.
- 10 (7) Division of Public Affairs.
- 11 (d) Kentucky Horse Park.
- 12 (1) Division of Support Services.
- 13 (2) Division of Buildings and Grounds.
- 14 (3) Division of Operational Services.
- 15 (e) Kentucky State Fair Board.
- 16 (1) Division of Expositions and Admission.
- 17 (2) Division of Kentucky Fair and Exposition Center Operations.
- 18 (3) Division of Commonwealth Convention Center.
- 19 (4) Division of Public Relations and Media.
- 20 (5) Division of Administrative Services.
- 21 (6) Division of Personnel Management and Staff Development.
- 22 (7) Division of Sales.
- 23 (8) Division of Security and Traffic Control.
- 24 (f) Office of the Secretary.
- 25 (g) Office of Finance and Administration.
- 26 (h) Office of Legal Affairs.
- 27 (i) Office of Intergovernmental Affairs.

- (j) Office of Human Resources.
- (k) Office of Public Affairs and Constituent Services.
- (l) Office of Information Technology.
- (m) Office of the Kentucky Sports Authority~~[Office of Purchase and Procurement]~~.

(1) Kentucky Sports Authority Board.

- (n) Office of Creative Services.
- (o) Office of Capital Plaza Operations.
- (p) Office of Energy Policy.

(1) Energy Policy Advisory Council.

- (q) Office of Arts and Cultural Heritage~~[Coal Marketing and Export]~~.
- ~~[(r) Kentucky Coal Council.]~~

~~(r)~~~~[(s)]~~ Kentucky Foundation for the Arts.

~~(s)~~~~[(t)]~~ Kentucky Humanities Council.

~~(t)~~~~[(u)]~~ Kentucky Heritage Council.

~~(u)~~~~[(v)]~~ Kentucky Arts Council.

~~(v)~~~~[(w)]~~ Kentucky Historical Society.

- (1) Division of Museums.
- (2) Division of Oral History and Educational Outreach.
- (3) Division of Research and Publications.
- (4) Division of Administration.

~~(w)~~~~[(x)]~~ Kentucky Center for the Arts.

- (1) Division of Governor's School for the Arts.

~~(x)~~~~[(y)]~~ Kentucky Artisans Center at Berea.

(y) Northern Kentucky Convention Center.

(z) Eastern Kentucky Exposition Center.

9. Cabinet for Workforce Development:

- 1 (a) Department for Adult Education and Literacy.
- 2 (b) Department for Technical Education.
- 3 (c) Department of Vocational Rehabilitation.
- 4 (d) Department for the Blind.
- 5 (e) Department for Employment Services.
- 6 (f) Kentucky Technical Education Personnel Board.
- 7 (g) The Foundation for Adult Education.
- 8 (h) Department for Training and Reemployment.
- 9 (i) Office of General Counsel.
- 10 (j) Office of Communication Services.
- 11 (k) Office of Workforce Partnerships.
- 12 (l) Office of Workforce Analysis and Research.
- 13 (m) Office of Budget and Administrative Services.
- 14 (n) Office of Technology Services.
- 15 (o) Office of Quality and Human Resources.
- 16 (p) Unemployment Insurance Commission.
- 17 10. Personnel Cabinet:
- 18 (a) Office of the Secretary.
- 19 (b) Department for Personnel Administration.
- 20 (c) Office for Employee Relations.
- 21 (d) Kentucky Public Employees Deferred Compensation Authority.
- 22 (e) Office of Administrative Services.
- 23 (f) Office of Legal Services.
- 24 (g) Office of Government Training.
- 25 (h) Department for Employee Insurance.
- 26 III. Other departments headed by appointed officers:
- 27 1. Department of Military Affairs.

- 1 2. Council on Postsecondary Education.
- 2 3. Department for Local Government.
- 3 4. Kentucky Commission on Human Rights.
- 4 5. Kentucky Commission on Women.
- 5 6. Department of Veterans' Affairs.
- 6 7. Kentucky Commission on Military Affairs.
- 7 8. Education Professional Standards Board.
- 8 9. Office of Minority Empowerment.

9 Section 3. KRS 132.020 is amended to read as follows:

- 10 (1) The owner or person assessed shall pay an annual ad valorem tax for state purposes
11 at the rate of:

12 (a) Thirty-one and one-half cents (\$0.315) upon each one hundred dollars (\$100)
13 of value of all real property directed to be assessed for taxation;

14 (b) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of
15 value of all privately-owned leasehold interests in industrial buildings, as
16 defined under KRS 103.200, owned and financed by a tax-exempt
17 governmental unit, or tax-exempt statutory authority under the provisions of
18 KRS Chapter 103, upon the prior approval of the Kentucky Economic
19 Development Finance Authority, except that the rate shall not apply to the
20 proportion of value of the leasehold interest created through any private
21 financing;

22 (c) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of
23 value of all qualifying voluntary environmental remediation property,
24 provided the bona fide prospective purchaser has obtained a covenant not to
25 sue from the Environmental and Public Protection Cabinet under KRS
26 224.01-526 for all known releases located on the property. This rate shall
27 apply for a period of three (3) years following the issuance of the covenant not

1 to sue, after which the regular tax rate shall apply;

2 (d) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of
3 value of all tobacco directed to be assessed for taxation;

4 (e) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of
5 value of unmanufactured agricultural products;

6 (f) One-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of value
7 of all farm implements and farm machinery owned by or leased to a person
8 actually engaged in farming and used in his farm operations;

9 (g) One-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of value
10 of all livestock and domestic fowl;

11 (h) One-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of value
12 of all tangible personal property located in a foreign trade zone established
13 pursuant to 19 U.S.C. sec. 81, provided that the zone is activated in
14 accordance with the regulations of the United States Customs Service and the
15 Foreign Trade Zones Board;

16 (i) Fifteen cents (\$0.15) upon each one hundred dollars (\$100) of value of all
17 machinery actually engaged in manufacturing;

18 (j) Fifteen cents (\$0.15) upon each one hundred dollars (\$100) of value of all
19 commercial radio, television, and telephonic equipment directly used or
20 associated with electronic equipment which broadcasts electronic signals to an
21 antenna;

22 (k) Fifteen cents (\$0.15) upon each one hundred dollars (\$100) of value of all
23 property which has been certified as a pollution control facility as defined in
24 KRS 224.01-300;

25 (l) One-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of value
26 of all property which has been certified as an alcohol production facility as
27 defined in KRS 247.910, or as a fluidized bed energy production facility as

- 1 defined in KRS 211.390;
- 2 (m) Twenty-five cents (\$0.25) upon each one hundred dollars (\$100) of value of
3 motor vehicles qualifying for permanent registration as historic motor vehicles
4 under the provisions of KRS 186.043;
- 5 (n) Five cents (\$0.05) upon each one hundred dollars (\$100) of value of goods
6 held for sale in the regular course of business, which includes machinery and
7 equipment held in a retailer's inventory for sale or lease originating under a
8 floor plan financing arrangement; and raw materials, which includes distilled
9 spirits and distilled spirits inventory, and in-process materials, which includes
10 distilled spirits and distilled spirits inventory, held for incorporation in
11 finished goods held for sale in the regular course of business;
- 12 (o) Ten cents (\$0.10) per one hundred dollars (\$100) of assessed value on the
13 operating property of railroads or railway companies that operate solely within
14 the Commonwealth;
- 15 (p) One and one-half cents (\$0.015) per one hundred dollars (\$100) of assessed
16 value on aircraft not used in the business of transporting persons or property
17 for compensation or hire;
- 18 (q) One and one-half cents (\$0.015) per one hundred dollars (\$100) of assessed
19 value on federally documented vessels not used in the business of transporting
20 persons or property for compensation or hire, or for other commercial
21 purposes; and
- 22 (r) Forty-five cents (\$0.45) upon each one hundred dollars (\$100) of value of all
23 other property directed to be assessed for taxation shall be paid by the owner
24 or person assessed, except as provided in KRS 132.030, 132.200, 136.300,
25 and 136.320, providing a different tax rate for particular property.
- 26 (2) Notwithstanding subsection (1)(a) of this section, the state tax rate on real property
27 shall be reduced to compensate for any increase in the aggregate assessed value of

1 real property to the extent that the increase exceeds the preceding year's assessment
2 by more than four percent (4%), excluding:

- 3 (a) The assessment of new property as defined in KRS 132.010(8);
4 (b) The assessment from property which is subject to tax increment financing
5 pursuant to KRS Chapter 65; and
6 (c) The assessment from leasehold property which is owned and financed by a
7 tax-exempt governmental unit, or tax-exempt statutory authority under the
8 provisions of KRS Chapter 103 and entitled to the reduced rate of one and
9 one-half cents (\$0.015) pursuant to subsection (1)(b) of this section. In any
10 year in which the aggregate assessed value of real property is less than the
11 preceding year, the state rate shall be increased to the extent necessary to
12 produce the approximate amount of revenue that was produced in the
13 preceding year from real property.

14 (3) By July 1 each year, the department shall compute the state tax rate applicable to
15 real property for the current year in accordance with the provisions of subsection (2)
16 of this section and certify the rate to the county clerks for their use in preparing the
17 tax bills. If the assessments for all counties have not been certified by July 1, the
18 department shall, when either real property assessments of at least seventy-five
19 percent (75%) of the total number of counties of the Commonwealth have been
20 determined to be acceptable by the department, or when the number of counties
21 having at least seventy-five percent (75%) of the total real property assessment for
22 the previous year have been determined to be acceptable by the department, make
23 an estimate of the real property assessments of the uncertified counties and compute
24 the state tax rate.

25 (4) If the tax rate set by the department as provided in subsection (2) of this section
26 produces more than a four percent (4%) increase in real property tax revenues,
27 excluding:

- 1 (a) The revenue resulting from new property as defined in KRS 132.010(8);
- 2 (b) The revenue from property which is subject to tax increment financing
- 3 pursuant to KRS Chapter 65; and
- 4 (c) The revenue from leasehold property which is owned and financed by a tax-
- 5 exempt governmental unit, or tax-exempt statutory authority under the
- 6 provisions of KRS Chapter 103 and entitled to the reduced rate of one and
- 7 one-half cents (\$0.015) pursuant to subsection (1) of this section, the rate shall
- 8 be adjusted in the succeeding year so that the cumulative total of each year's
- 9 property tax revenue increase shall not exceed four percent (4%) per year.

10 (5) The provisions of subsection (2) of this section notwithstanding, the assessed value
 11 of unmined coal certified by the department after July 1, 1994, shall not be included
 12 with the assessed value of other real property in determining the state real property
 13 tax rate. All omitted unmined coal assessments made after July 1, 1994, shall also
 14 be excluded from the provisions of subsection (2) of this section. The calculated
 15 rate shall, however, be applied to unmined coal property, and the state revenue shall
 16 be devoted to the program described in KRS 146.550 to 146.570, except that four
 17 hundred thousand dollars (\$400,000) of the state revenue shall be paid annually to
 18 the State Treasury and credited to the Office of Energy Policy~~[Kentucky Coal~~
 19 ~~Council]~~ for the purpose of public education of coal-related issues.

20 SECTION 4. A NEW SECTION OF KRS CHAPTER 56 IS CREATED TO
 21 READ AS FOLLOWS:

- 22 (1) The Energy Policy Advisory Council is hereby established for the purpose of
 23 assisting and advising the Office of Energy Policy. Membership shall consist of:
 24 (a) Fifteen (15) members of the public, appointed by the Governor and
 25 representing various energy interests within the Commonwealth; and
 26 (b) The executive director of the Office of Energy Policy who shall serve as a
 27 nonvoting member and as chairman of the council.

- 1 (2) (a) Each appointed member shall serve for a term of four (4) years.
- 2 (b) Any member may be removed from his appointment by the Governor for
- 3 cause.
- 4 (c) Appointed members shall be reimbursed for travel costs incurred in
- 5 attending meetings, which shall be paid from the funds of the Office of
- 6 Energy Policy, and in compliance with the Commerce Cabinet's procedures
- 7 for travel and reimbursement.
- 8 (3) (a) The chairman shall set the agenda, place, and time of meetings which shall
- 9 be held a minimum of two (2) times a year and shall be held in accordance
- 10 with the provisions of the Open Meetings Act, KRS 61.805 to 61.850.
- 11 (b) A quorum for all council meetings shall consist of eight (8) of the appointed
- 12 members.

13 Section 5. KRS 143.090 is amended to read as follows:

- 14 (1) The Transportation Cabinet shall certify to the commissioner of the Department of
- 15 Revenue by October 1 of each fiscal year the amount required for lease rental
- 16 payments to the Kentucky Turnpike Authority for resource recovery road projects.
- 17 (2) The Office of Energy Policy~~[Kentucky Coal Council]~~ shall certify to the
- 18 commissioner of the Department of Revenue by October 1 of each year the amount
- 19 of the annual lease rental payments required to be made for any energy research
- 20 developmental or demonstration project undertaken by the Office of Energy
- 21 Policy~~[Kentucky Coal Council]~~. The amount so certified shall in no case exceed
- 22 three million dollars (\$3,000,000) in any one (1) year.
- 23 (3) Upon receiving the certifications provided for in subsections (1) and (2) of this
- 24 section, the commissioner of the Department of Revenue shall cause the certified
- 25 amounts to be deposited from the proceeds of the tax levied by KRS 143.020 to the
- 26 credit of the transportation fund and the Office of Energy Policy~~[Kentucky Coal~~
- 27 ~~Council]~~, respectively, unless otherwise provided by the General Assembly in a

budget bill, as follows:

(a) An amount equal to the amount certified by the Transportation Cabinet shall be deposited to the transportation fund (road fund); and

(b) An amount equal to the amount certified by the Office of Energy Policy~~[Kentucky Coal Council]~~ shall be transferred by appropriate interfund transfer procedures to the Office of Energy Policy~~[Kentucky Coal Council]~~.

(4) All tax levied by KRS 143.020 collected in excess of the amount required to be deposited to the transportation fund (road fund) or transferred to the Office of Energy Policy~~[Kentucky Coal Council]~~ shall be deposited by the Department of Revenue to the credit of the general fund.

(5) If the proceeds of the tax levied by KRS 143.020 are less than the amounts certified under subsections (1) and (2) of this section, the commissioner of revenue shall prorate the proceeds to the transportation fund and the Office of Energy Policy~~[Kentucky Coal Council]~~ based upon the ratio of each certified amount to the total of the two (2) certified amounts.

Section 6. KRS 148.522 is amended to read as follows:

(1) The Commerce Cabinet shall consist of the Office of the Secretary, the Office of Legal Affairs, the Office of Finance and Administration, the Office of Intergovernmental Affairs, the Office of Human Resources, the Office of Public Affairs and Constituent Services, the Office of Information Technology, the Office of Energy Policy, the Office of the Kentucky Sports Authority, the Office of Arts and Cultural Heritage~~[the Office of Purchase and Procurement]~~, the Office of Creative Services, the Office of Capital Plaza Operations, the Department of Tourism, the Kentucky Department of Parks, the Tourism Development Finance Authority, and such other divisions and sections as are from time to time deemed necessary for the proper and efficient operation of the cabinet subject to the provisions of KRS Chapter 12.

- 1 (2) The Commerce Cabinet shall encourage the development of the film industry in
2 Kentucky and shall perform all film promotional functions.
- 3 (3) The Office of Legal Affairs shall be headed by a general counsel appointed by the
4 secretary pursuant to KRS 12.210, shall provide legal services for the cabinet, and
5 shall be directly responsible to the secretary.
- 6 (4) The Department of Tourism shall be headed by a commissioner appointed by the
7 Governor pursuant to the provisions of KRS 12.040. The commissioner shall have
8 the authority and responsibility for the promotion, development, and support
9 services for the tourism industry within the Commonwealth.
- 10 (5) The Divisions of Tourism Services, Marketing and Advertising, and Parks
11 Marketing are created within the Department of Tourism. Each division shall be
12 headed by a division director who shall be appointed by the commissioner of the
13 department pursuant to the provisions of KRS 12.050.

14 Section 7. KRS 154.90-010 is amended to read as follows:

- 15 (1) The Northern Kentucky Convention Center Corporation is hereby established to
16 develop and manage the Northern Kentucky Convention Center. *The corporation*
17 *shall be attached to the Commerce Cabinet for administrative purposes.* The
18 corporation shall be directed by a board consisting of seven (7) members appointed
19 as follows:

- 20 (a) The county judge/executives of Kenton, Campbell and Boone Counties, with
21 the approval of their respective fiscal courts, shall each appoint one (1)
22 member to the board. An appointee under this subsection shall have
23 demonstrated successful business experience in a field related to the
24 convention business;
- 25 (b) The mayor of the city within which the convention center is located shall
26 appoint one (1) member, with the approval of the city commission; and
- 27 (c) The Governor shall appoint three (3) members.

1 (d) One (1) of the initial appointees of the Governor shall have a one (1) year
 2 term, one (1) shall have a two (2) year term, and one (1) shall have a three (3)
 3 year term. All other appointments, and all subsequent appointments by the
 4 Governor, shall be for four (4) year terms.

5 (e) Members may be removed by the appointing authority only for cause and after
 6 being afforded notice, a hearing, and a finding of fact by the appointing
 7 authority. A copy of charges, transcript of the record of the hearings, and
 8 findings of fact shall be filed with the Secretary of State.

9 (2) The Northern Kentucky Convention Center Corporation shall be a body corporate
 10 with full corporate powers. A quorum of the corporation shall consist of four (4)
 11 members, with a majority of members present authorized to act upon any matter
 12 legally before the corporation. Minutes and records shall be kept of all meetings of
 13 the corporation and all official actions shall be recorded.

14 (3) The corporation may enact bylaws concerning the election of officers and other
 15 administrative procedures it deems necessary.

16 Section 8. KRS 224.46-850 is amended to read as follows:

17 (1) It is the intent of the General Assembly that a regional integrated waste treatment
 18 and disposal demonstration facility contain an industrial park component. The
 19 approved site for a regional integrated waste treatment and disposal demonstration
 20 facility shall be of sufficient size to accommodate new industrial and commercial
 21 concerns that can utilize the energy by-products of the treatment technologies.

22 (2) It shall be the responsibility of the Office of Energy Policy~~[Kentucky Coal Council]~~
 23 to establish a plan for and develop the industrial park component of a regional
 24 integrated waste treatment and disposal demonstration facility. The industrial park
 25 component, located on property contiguous with the treatment and disposal
 26 technologies, shall be designed so as to utilize energy generated from the waste
 27 treatment technologies.

1 Section 9. KRS 224.46-870 is amended to read as follows:

2 The **Office of Energy Policy**~~[Kentucky Coal Council]~~ shall provide the cabinet with the
3 information deemed necessary by the cabinet to project hazardous waste generation in the
4 Commonwealth as required by KRS 224.10-100(24) and 224.46-830(2)(d).

5 Section 10. KRS 247.00-920 is amended to read as follows:

6 (1) Application for an alcohol production exemption certificate shall be filed with the
7 Department of Revenue in such manner and in such form as may be prescribed by
8 regulations issued by the Department of Revenue and shall contain plans and
9 specifications of the structure or structures including all materials incorporated and
10 to be incorporated therein and a descriptive list of all equipment acquired or to be
11 acquired by the applicant for the purpose of producing ethanol for fuel use and any
12 additional information deemed necessary by the Department of Revenue for the
13 proper administration of KRS 247.910 and this section. The **Office of Energy**
14 **Policy**~~[Kentucky Coal Council]~~ shall provide technical assistance and factual
15 information as requested in writing by the Department of Revenue. If the
16 Department of Revenue finds that the facility qualifies as an alcohol production
17 facility as defined by KRS 247.910, it shall enter a finding and issue a certificate to
18 that effect. The effective date of the certificate shall be the date of issuance of the
19 certificate.

20 (2) Before issuing an alcohol production tax exemption certificate, the Department of
21 Revenue shall give notice in writing by mail to the **Office of Energy**
22 **Policy**~~[Kentucky Coal Council]~~, and shall afford to the applicant and to the **Office**
23 **of Energy Policy**~~[Kentucky Coal Council]~~ an opportunity for a hearing. On like
24 notice and opportunity for a hearing, the Department of Revenue shall on its own
25 initiative revoke the certificate when any of the following appears:

26 (a) The certificate was obtained by fraud or misrepresentation;

27 (b) The holder of the certificate has failed substantially to proceed with the

1 construction, reconstruction, installation, or acquisition of the alcohol
2 production facilities; or

3 (c) The structure or equipment or both to which the certificate relates has ceased
4 to be used for the primary purpose of alcohol production for fuel use and is
5 being used for a different purpose.

6 (3) If the circumstances so require, the Department of Revenue, in lieu of revoking the
7 certificate, may modify it.

8 (4) On mailing of notice of the action of the Department of Revenue revoking or
9 modifying a certificate as provided in subsection (5) of this section, the certificate
10 shall cease to be in force or shall remain in force only as modified as the case may
11 require.

12 (5) An alcohol production tax exemption certificate, when issued, shall be sent by
13 certified mail to the applicant and the notice of issuance in the form of certified
14 copies thereof shall be sent to the Office of Energy Policy~~[Kentucky Coal Council]~~.
15 Notice of an order of the Department of Revenue denying, revoking, or modifying a
16 certificate in the form of certified copies thereof shall be sent by certified mail to the
17 applicant or the holder and shall be sent to the Office of Energy Policy~~[Kentucky~~
18 ~~Coal Council]~~. The applicant or holder and the Office of Energy Policy~~[Kentucky~~
19 ~~Coal Council]~~ shall be deemed parties for the purpose of the review afforded by
20 subsection (6) of this section.

21 (6) Any party aggrieved by the issuance, refusal to issue, revocation, or modification of
22 an alcohol production tax exemption certificate may appeal from the final ruling of
23 the Department of Revenue to the Kentucky Board of Tax Appeals as provided in
24 KRS 131.340.

25 (7) In the event of the sale, lease, or other transfer of an alcohol production facility, not
26 involving a different location or use, the holder of an alcohol production tax
27 exemption certificate for the facility may transfer the certificate by written

instrument to the person who, except for the transfer of the certificate, would be obligated to pay taxes on the facility. The transferee shall become the holder of the certificate and shall have all rights pertaining thereto, effective as of the date of transfer of the certificate. The transferee shall give written notice of the effective date of the transfer, together with a copy of the instrument of transfer to the Office of Energy Policy~~[Kentucky Coal Council]~~ and the Department of Revenue.

(8) In the event an alcohol production facility for which an exemption certificate is held ceases to be used for the primary purpose of alcohol production for fuel use or is used for a different purpose other than that for which the exemption certificate was granted, the holder of the certificate shall give written notice by certified mail of the change to the Office of Energy Policy~~[Kentucky Coal Council]~~ and to the Department of Revenue.

(9) The alcohol production facility exemption certificate, upon approval, shall exempt said facilities from taxes outlined in the provisions of KRS 247.910 and this section and included in KRS Chapters 132, 136, 138, and 139. Each exemption certificate shall remain in force for a period of eight (8) years from the date of issuance and at the end of said period shall lapse. Any alcohol production facility previously exempted under the terms of KRS 247.910 and this section shall not be eligible for recertification upon completion of the eight (8) year certificate period.

SECTION 11. A NEW SECTION OF KRS CHAPTER 148 IS CREATED TO READ AS FOLLOWS:

(1) The Kentucky Recreational Trails Authority is hereby established and attached to the Department of Tourism, Commerce Cabinet, for the purpose of planning and implementing programs to expand tourism opportunities for off-road activities that are pertinent to nonmotorized and motorized vehicle use, including pedestrian, bicycles, mountain bicycles, horses, all-terrain vehicles (ATVs), and off-highway vehicles (OHVs) on designated lands in Kentucky. Membership of

the authority shall consist of the following:

(a) A chairman, who shall be an employee of the Department of Tourism prior to his appointment, to be designated by the commissioner of the Department of Tourism; and

(b) Initial membership shall include the eleven (11) members of the Off-road Motorcycle and ATV Commission on the effective date of this Act, who shall serve for the remainder of their terms. Two (2) additional members, whose terms shall expire on the same date as the eleven (11) initial commission members, shall be appointed by the Governor from the following groups:

1. One (1) member shall be from a Kentucky bicycling organization that is affiliated with either the League of American Bicyclists, the United States Cycling Federation, or the International Mountain Bicycling Association; and

2. One (1) member shall be from a Kentucky equine organization that has trail riding as its primary focus.

Upon the expiration of the terms of the initial members described in paragraph (b) of this subsection, the Governor shall appoint thirteen (13) members of the public representing various interests within the Commonwealth.

(2) (a) Each appointed member shall serve for a term of four (4) years.

(b) Any member may be removed from his or her appointment by the Governor for cause.

(c) Appointed members shall be reimbursed for travel costs incurred in attending meetings, which shall be paid from the funds of the Department of Tourism and in compliance with the Commerce Cabinet's procedures for travel and reimbursement.

(3) (a) The chairman shall set the agenda, place, and time of meetings, which shall be held a minimum of two (2) times per year and conducted in accordance

1 with the Open Meetings Act, KRS 61.805 to 61.850.

2 (b) A quorum for all meetings shall consist of seven (7) of the appointed
 3 members.

4 (c) The chairman shall be a nonvoting member, except in cases of a tie vote, in
 5 which case, the chairman may cast the deciding vote.

6 Section 12. KRS 154.40-020 is amended to read as follows:

7 (1) The Eastern Kentucky Exposition Center Corporation is created and established as
 8 an independent, de jure municipal corporation and political subdivision of the
 9 Commonwealth that shall be a public body corporate and politic. The corporation
 10 shall develop, operate, and manage the Eastern Kentucky Exposition Center funded
 11 by 2000 Ky. Acts ch. 549, Part II, Section F, Item 1(e) and Part II, Section S, Item
 12 2(a)236. The corporation shall be attached to the Commerce~~Finance~~ and
 13 ~~Administration~~ Cabinet for administrative purposes.

14 (2) The corporation shall be a participating agency in the Kentucky Employees
 15 Retirement System. Its employees shall be considered state employees for the
 16 purpose of participating in the Kentucky Employees Retirement System and shall be
 17 entitled to the requirements and benefits provided to other system participants.

18 Section 13. KRS 42.016 is amended to read as follows:

19 The following corporate bodies and instrumentalities of the Commonwealth shall be
 20 attached to the Office of the Secretary for administrative purposes and staff services:

- 21 (1) State Property and Buildings Commission;
- 22 (2) Kentucky Savings Bond Authority;
- 23 (3) County Officials Compensation Board;
- 24 (4) Kentucky Turnpike Authority;
- 25 (5) State Investment Commission;
- 26 (6) Kentucky Housing Corporation;
- 27 (7) Kentucky Tobacco Settlement Trust Corporation;

- 1 (8) Kentucky River Authority~~[- and~~
2 ~~(9) Eastern Kentucky Exposition Center Corporation]~~.

3 Section 14. All functions, powers, and duties of the Kentucky Coal Council shall
4 be transferred to the Office of Energy Policy. The Office of Energy Policy shall have the
5 authority to perform the functions and duties assigned to the Kentucky Coal Council by
6 KRS 132.020(9) and shall receive the credits authorized by that subsection.

7 Section 15. All functions, powers, and duties of the Off-road Motorcycle and ATV
8 Commission shall be transferred to the Kentucky Recreational Trails Authority.

9 Section 16. The following KRS sections are repealed:

10 154.12-250 Kentucky Coal Council -- Office of Coal Marketing and Export.

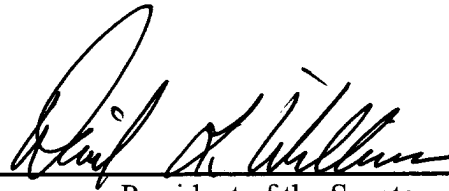
11 154.12-252 Membership of council -- Reimbursement of expenses -- Meetings --
12 Quorum.

13 154.12-255 Duties of council.

14 176.510 Off-road Motorcycle and ATV Commission established -- Purpose.

15 176.511 Membership of Off-road Motorcycle and ATV Commission -- Meetings --
16 Records.

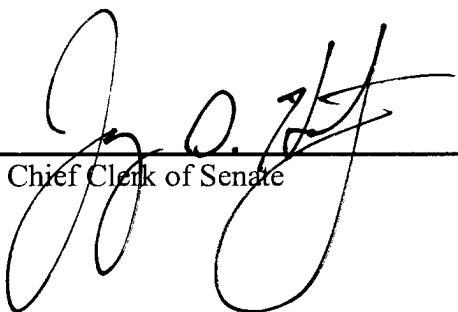
17 Section 17. Notwithstanding any other provision of law, the General Assembly
18 confirms Executive Order 2005-561, dated June 16, 2005, and Executive Order 2005-
19 1358, dated December 14, 2005, to the extent they are not otherwise confirmed or
20 superseded by this Act.



President of the Senate



Speaker House of Representatives

Attest: 

Chief Clerk of Senate

Approved 

Governor

Date 4/5/06